Message Text

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TO AMEMBASSY SAIGON IMMEDIATE

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EXDIS TODEP 151

FOLLOWING TEL SENT ACTION SECSTATE FROM AMMON MAR 4:

QUOTE S E C R E T AMMAN 1087

EXDIS

E. O. 11652: GDS TAGS: EAID, JO, US

SUBJ: JORDAN BUDGET SUPPORT

- 1. ZAID RIFAI ASKED TO DISCUSS WITH ME DETAILS OF BUDGET SUPPORT AS WORKED OUT DURING VISIT. HE HAD REVIEWED BUDGET WITH HIS EXPERTS AND FOUND THAT AN ADDITIONAL 10 MILLION DOLS (TOTAL OF DOLS 55 IN US FY74) STILL LEFT THEM WITH BOTH A LARGER DEFICIT IN CY 1973 THAN HE COULD HANDLE AND WITH A CASH FLOW PROBLEM FOR CY 74. LATTER WAS REASON FOR REQUEST AT AQABA FOR ADDITIONAL DOLS 15 MILLION BEFORE JUNE 1974 BEYOND PRESIDENT'S REQUEST TO CONGRESS FOR DOLS 65 MILLION IN FY 74.
- 2. TOLD RIFAI HAD BEEN CLOSE TO THIS PROBLEM AND DOLS 10 MIL OVER DOLS 45 MILLION ALREADY PROVIDED WAS MOST WE COULD DO FOR HIM. HE SAID PROBLEM COMPLICATED BY FACT THAT THEY HAD COMMITMENT FROM PRESIDENT LAST YEAR FOR DOLS 65 IN FY 74 AND HAD SECRET

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COUNTED ON THIS FOR CY 73 BUDGET. IN ANY EVENT HE THOUGHT

KING WOULD WANT TO RAISE THIS WITH PRESIDENT IN HOPE THAT JORDAN COULD "AT LEAST" GET FIGURE BACK UP TO DOLS 65 MILLION IN FY 74. TOLD HIM I WOULD REPORT ON PROBLEM SO WASHINGTON WOULD BE AWARE THEY MIGHT RAISE IT AGAIN, BUT FROM MY OWN PERSONAL LOOK IT WAS VERY DIFFICULT TO GET THE ADDITIONAL DOLS 10 MILLION AND DID NOT BELIEVE WE COULD GET MORE BEFORE FY75 FUNDS BECAME AVAILABLE AFTER FIRST OF FISCAL YEAR.

3. WE ALSO DISCUSSED PL 480 WHEAT. THEY HAVE ORDERED 10,000 MT AND KNOW THAT IT PROBABLY WILL NOT BE POSSIBLE TO GET DELIVERY OF OUTSTANDING 20,000 TON ALLOCATION IN MAR OR APRIL. HE MADE A STRONG PLEA FOR APRIL AND SAID THAT EVERY TON OF WHEAT THEY BOUGHT ABROAD COST THEM JD 70 OUT OF THE BUDGET BECAUSE OF LOCAL PRICE SUBSIDIES. THIS ADDED TO BUDGET PROBLEMS NOTED ABOVE WHICH HE CHARACTERIZED AS BEING SERIOUS ENOUGH SO THAT THEY DID NOT KNOW HOW THEY COULD MEET GOVERNMENT PAYROLL IN NEXT FEW MONTHS.

4. WILL WANT TO REVIEW THIS WITH AID AND OTHERS DURING MY RETURN FOR KING'S VISIT MAR 12. POST WILL PROVIDE BY FRIDAY, MARCH 8 AN ANALYSIS OF BUDGETARY AND POLITICAL IMPACT OF SHORT-FALLS NOTED ABOVE ALONG WITH APPROPRIATE RECOMMENDATIONS IN TIME FOR USE DURING KING'S VISIT. PICKERING UNQUOTE KISSINGER

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